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V BUSINESS

MAR/11

1988

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'C' Chassis

General Motors Corp. (GM), Detroit, Mich., is developing a new super Class C motorhome chassis aimed at combining the comfort and design features of a Class C with a Class A's gross vehicle weight rating (gvwr), size range and horsepower capacity, according to GM sources.

GM's current Class C motorhome, built off its van chassis, has a unitized (frameless) body construction, a 350-cubic-inch V-8 engine and a 10,500-pound gvwr.

With a few alterations to the basic frame of its Class A rail chassis, GM can install the cab sheet metal of the current Class C on its Class A rail frame, creating a 14,500-pound-gvwr Class C with a 454-cubic-inch V-8 engine.

The largest Class C chassis currently available is Dearborn, Mich.-based Ford Motor Co.'s, which has an approximate 11,200-pound gvwr. That gvwr limits the size of the "box" that a motorhome manufacturer can install on the Ford chassis, unless a tag axle and other supports are added.

With its new chassis, GM sources said the company hopes to cash in on the demand for 25- to 26-foot motorhomes, which is one of the fastest-growing segments of the Class C market. These larger Class C's appeal to buyers who want the driving characteristics and comforts of a van front—the air conditioning and ease of entry, for example—but who also want a larger living area. Although the Class A offers the larger living area, these buyers find the Class A size and design too intimidating.

GM sources said the company plans to offer the unit within two years. Δ

U.S.-Canada Trade Agreement May Benefit U.S. RV Industry

Recent agreement on a landmark trade pact between the United States and Canada could mean that RV manufacturers and suppliers will have a potentially vast new market at their doorstep in the near future.

Final details of the bilateral agreement were hammered out late last year between negotiators for both countries. Under the terms of the pact, the North American continent will become a free-trade zone, with all tariffs and most other trade restrictions between Canada and United [illegible] eliminated by 19[illegible] by Congress, the agree[illegible] would eliminate 75% of all tariffs by 1989. An additional 20% of the tariffs would be phased out over a period of five years, and the final 5% would be dropped in the following five-year period.

Legislation to ratify the pact will be introduced in Congress this month, and passage would mean implementation by the spring of 1989. A spokesman for the U.S. Trade Representative's (USTR) office in Washington, D.C., said that Congress is expected to give overwhelming approval to the agreement.

Jack Cole, president of Pacoima, California-based Lance Camper Manufacturing Corp., is one RV manufacturer who is very enthusiastic about the prospects of an open market north of the border. "I think, if the trade barriers do come down, it is going to be very helpful, especially for any manufacturers who are located in the Pacific Northwest," he said. "Right now, I don't think we have anyone doing any substantial business in Canada, but if

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Special Section: Van Conversions

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ON THE COVER:
Van converters debate the advantages of bailment-pool status in today's competitive market. (See page 18.) After the poor showing of '87, converters outline their hopes for '88 sales. (See page 19.) Cover photo: Paul Pribble.

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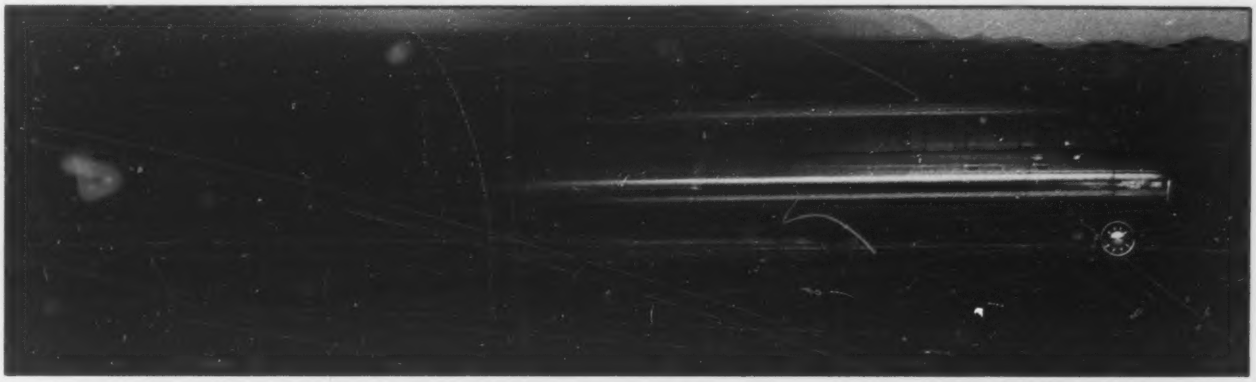

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CLOSING THE BOOK ON '87 SHIPMENTS

MORTON J. MARCUS

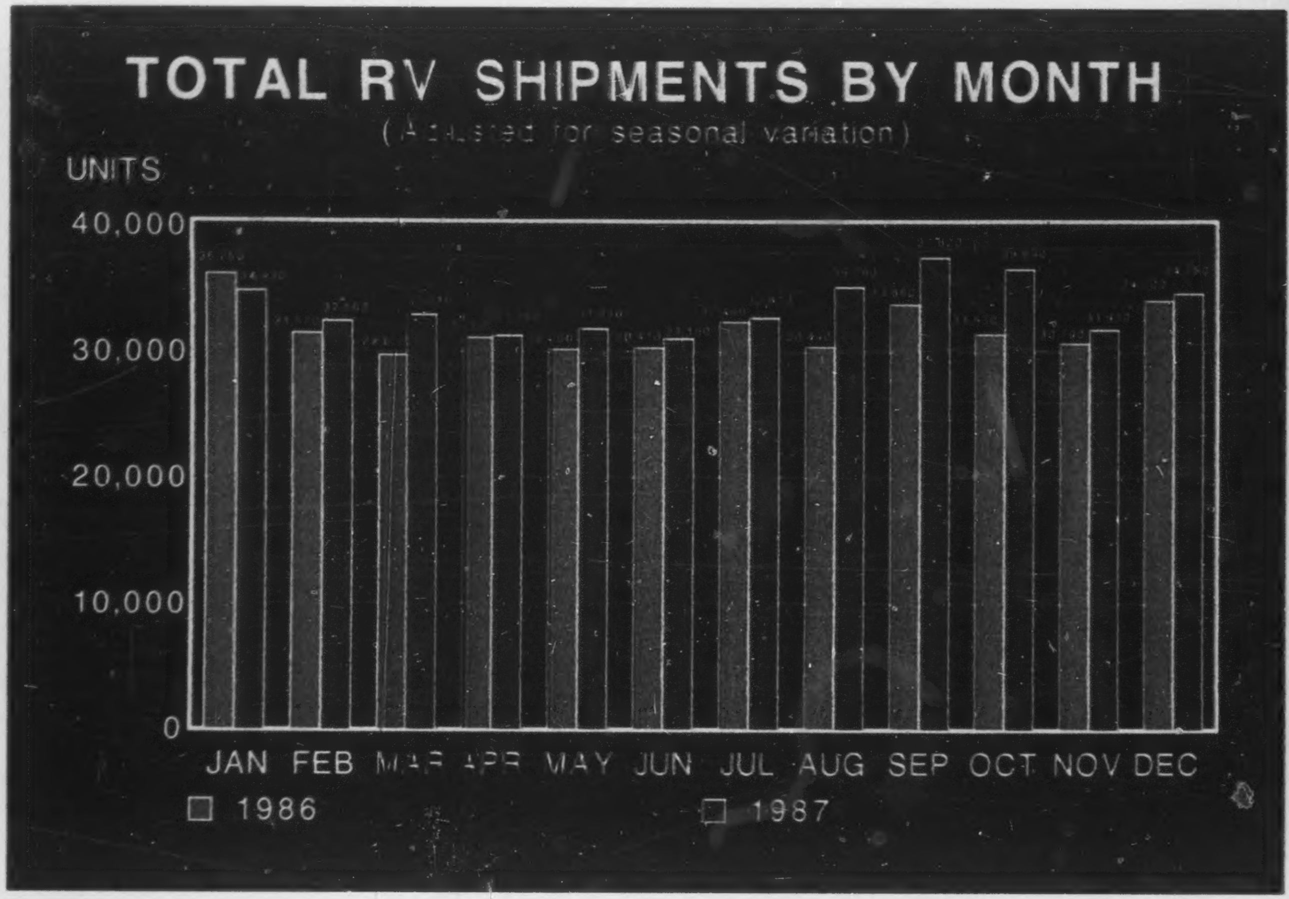

Figure 1

As 1987 came to an end, the No. 1 game seemed to be "In Search of the Recession." Across the nation, business leaders, politicians and journalists searched under every rock, examined every computer file, probed every consumer sentiment (or was it every sentimental consumer?) seeking the recession which was "forecast" by the stock market decline of October 1987.

As yet, no recession has been found, but we expect that the search party will continue to look, at least through the spring.

The RV industry, making no concession to this obsession for recession, in December posted its 11th consecutive monthly advance against the record of 1986. *(See Figure 1.)* Total shipments, adjusted for seasonal variations from RVIA's monthly report, closed the year at 34,760 units, up 1.6% from December 1986. December 1987 was the fifth best month of the year, but, most importantly, it was *up* nearly 9% from November.

If last year's decline in November shipments had been reinforced by a downward number in December, it could have heralded the onset of a recession. Clearly, no such signal has been given by the RV market at this point. Those anticipating the collapse will just have to wait for their numbers to come in.

The Detailed View

Folding camping trailers made the great jump of the month, with at 54% increase on strong volume. The big percentage losers in December, compared to November levels, were Class B motorhomes, which were down nearly 49% on low volume. In general, towables and van conversions accounted for most of the month-to-month increase, while motorhomes took a drubbing. *(See Figure 3.)*

For the year as a whole, the RV industry closed with more than 400,000 units shipped, an increase of 20,700 units or 5.5%.

There was no change in the number of van conversions shipped. Three types of units showed declines; these were park models, low profile Class C's, and micro-mini Class C's. Class A motorhomes were the big volume gainers (up 7,500 units), while truck campers were the percentage leaders (up 36.5%).

These results were translated into changes in market share. *(See Figure 2.)* No growth in

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation

TOTAL RVs	**100.0**	**100.0**
Travel Trailers:		
Conventional	14.8	14.5
Park Models	1.6	2.1
Fifth-wheels	6.8	6.1
Folding Camping Trailers	10.4	9.6
Truck Campers	2.5	1.9
Motorhomes:		
Class A	10.2	8.8
Class B Van Campers	1.6	1.6
Class C:		
Minis	5.1	5.2
Low Profile	0.6	0.9
Micro-minis	0.9	1.3
Multi-use Van Conversions	45.5	47.9

Detail may not add to total because of rounding.

Figure 2

van conversions led to a market share decline of 1.6% points in the face of a rising market. Towables made substaintial gains (nearly 2 points), while motorhomes advanced 0.6 points on the strength of Class A units alone. Class B motorhomes held even at 1.6% of the market, while Class C units fell by 0.8 points.

Perversity in the Market?

In terms of volatility, there was little difference between 1986 and 1987. The high month for 1986 was January, with its 36,250 units shipped *(see Figure 1),* and the low was reached just two months later in March, with 29,820 units. That difference was 6,430 units, or just 40 units less than the spread between the 1987 high (37,620 in September) and the 1987 low (31,150 in June).

Where 1987 was truly different from 1986 was that the RV industry again ran counter to conventional wisdom. The pattern of the year can be seen in the quarterly summary. *(See Figure 4.)*

TOTAL RV SHIPMENTS BY QUARTER
(Adjusted for seasonal variation)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1986	97,630	91,900	96,830	96,520
1987	100,530	94,460	105,700	103,300
Difference	+ 2,890	+ 2,560	+ 8,870	+ 6,780
Percent change	+ 3.0	+ 2.8	+ 9.2	+ 7.0

Figure 4

Each quarter of 1987 was higher than its counterpart of 1986. The early part of the year was sluggish (when the stock market was rising), but the year closed with two strong quarters (when the stock market was falling).

Thus, we find three-quarters of the industry's gain was made in the second half of the year.

The strong close for 1987 could be a good omen for the year ahead. But in an industry as perverse as this one, tendencies are hard to read from trends, and the unexpected is the standard for our expectations. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE	DECEMBER 1987	PERCENT CHANGE FROM NOV	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	34,690	8.7	400,200	379,500	5.5
Travel Trailers:					
Conventional	5,440	17.0	59,100	55,100	7.3
Park Models	470	7.4	6,600	7,800	-15.4
Fifth-wheels	2,990	15.8	27,100	23,100	17.3
Folding Camping Trailers	4,770	53.7	41,600	36,500	14.0
Truck Campers	940	-1.9	10,100	7,400	36.5
Motorhomes:					
Class A	3,460	5.1	40,800	33,300	22.5
Class B Van Campers	290	-48.6	6,600	6,200	6.5
Class C:					
-Mini	1,640	-8.2	20,500	19,800	3.5
-Low Profile	180	-13.5	2,400	3,600	-33.3
-Micro-mini	270	11.6	3,500	4,800	-27.1
Multi-use Van Conversions	14,240	4.2	181,900	181,900	0.0

Detail may not add to total because of rounding

Figure 3